

VZCZCXRO3571  
PP RUEHAG RUEHROV  
DE RUEHCV #0052/01 0092102

ZNY CCCCC ZZH  
P 092102Z JAN 07  
FM AMEMBASSY CARACAS

TO RUEHC/SECSTATE WASHDC PRIORITY 7452  
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY  
RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS PRIORITY  
RUMIAAA/HQ USSOUTHCOM MIAMI FL PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 CARACAS 000052

SIPDIS

SIPDIS

HQSOUTHCOM ALSO FOR POLAD  
DEPARTMENT PASS TO AID/OTI (RPORTER)

E.O. 12958: DECL: 01/08/2017  
TAGS: PGOV PREL PHUM PINR VE  
SUBJECT: CHAVEZ NAMES A "YES" CABINET/PREVIEWS HIS  
"SOCIALIST" AGENDA

CARACAS 00000052 001.2 OF 003

Classified By: POLITICAL COUNSELOR ROBERT DOWNES,  
REASON 1.4 (D)

¶11. (C) Summary. President Chavez used the televised January 8 swearing-in ceremony for his new cabinet to preview his plans to steer his government toward "socialist" reforms, including expropriations of privatized industries and the revision of Venezuela's commercial code. He also harshly criticized OAS Secretary General Miguel Insulza and Venezuelan Catholic Church officials for raising concerns about his decision not to renew the license of an independent television broadcaster. Chavez instructed new Vice President Jorge Rodriguez to lead the implementation of the Bolivarian Republic of Venezuela's (BRV's) shift to "socialism" in coordination with Chavez' unquestioningly loyal 27-member cabinet. With Vice President Rangel's departure, presidential brother and new Education Minister Adan Chavez may be the only government official capable of influencing Chavez' political decisions. Neither Rodriguez nor Adan Chavez are likely to be accessible to the opposition and diplomatic community in the way that Rangel and his staff were, nor are they likely to moderate Chavez' tone or direction. Chavez pledged to outline more of his plan of government at his own swearing-in on January 10. End Summary.

-----  
Chavez Previews An Even More Radical Agenda  
-----

¶12. (SBU) President Hugo Chavez swore in his new cabinet January 8 in a well-choreographed televised ceremony on the stage of a Caracas auditorium filled with loyal supporters. The backdrop to the stage was a 20-foot tall photo of the face of an impassioned Chavez. Typically, the BRV uses paintings of Simon Bolivar as backdrops. Chavez also delivered a rambling, two-hour speech in which he lashed out at OAS Secretary General Insulza and the Catholic Church and previewed his administration's domestic plans for his next six-year term of office. He stressed that his re-election on December 3 was not a destination, but rather a "point of departure." Chavez unequivocally signaled that he seeks additional ambitious and profound political, social, and economic change and does not intend to lead a government of continuity. He promised to reveal additional plans and details of the "next phase of the revolution" when he is officially sworn in January 10 in the National Assembly.

¶13. (SBU) Chavez specifically identified what he called five

new "transformational motors" of his administration. In the coming weeks he said he intends to:

--- request that the National Assembly pass an enabling act that will give him and his cabinet legislative authority to issue decrees that will facilitate further social and economic regulation;  
--- seek constitutional reforms toward the formation of the "Socialist Bolivarian Republic of Venezuela";  
--- promote "popular education" in schools, workplaces, public plazas to inculcate socialist values;  
--- institute a "new geometry of power," ostensibly to make government more responsive to the public; and,  
--- expand local councils by creating regional and national councils to supplant the institutions of the "bourgeois state."

¶4. (SBU) Chavez listed a number of measures he would decree once an omnibus enabling act is passed. Chavez said he would "nationalize" (which could mean that he intends to expropriate with compensation) CANTV, Venezuela's most important telecommunications company in which Verizon owns 28.5 percent. He also pledged to assume government control over all industries that had been privatized before, including the electricity sector in which American firms have invested. With respect to oil, Chavez said he the BRV will continue to seek majority ownership in the four strategic associations in the Faja region. He also said he would seek the revocation of constitutional provisions that protect the autonomy of the Central Bank and pledged to rewrite the country's commercial code, the system of laws that currently govern how private enterprise functions in Venezuela. Septel will provide immediate business reaction to these proposed measures.

-----  
Chavez Blasts the OAS SecGen and Church

CARACAS 00000052 002.2 OF 003

-----  
¶5. (SBU) Both Chavez and his new Vice President Jorge Rodriguez staunchly defended Chavez' decision not to renew the broadcasting license of the opposition-oriented television station RCTV (septel). In a pugnacious first address as VP, Rodriguez accused RCTV of using airtime to incite "assassination, civil war, insults, slander, and the mistreatment of people" and asserted that the only television station ever shut down was the government-owned VTV station the night of the short-live April 11 coup. Chavez insisted that "no one and nothing" can change his decision to transfer RCTV's concession.

¶6. (U) Reacting sharply to OAS Secretary General Insulza's communique urging Chavez to reconsider his RCTV decision, Chavez called for Insulza's resignation and pledged to confront him on the margins of Nicaraguan President Daniel Ortega's January 10 inauguration. Chavez also called Insulza a vulgar term charitably translated as "idiot" ("pendejo, from the p to the o") and asked rhetorically whether the OAS SecGen aspires to be the "viceroy of the (U.S.) empire." Chavez also took aim at Venezuelan Catholic Church leaders for voicing concerns about his RCTV decision and the future of Venezuelan democracy. He urged Cardinal Urosa Savino to stay out of politics ("the shoemaker should mind shoes"), and citing Marx, warned the Church against trying to become an "opiate of the people."

-----  
Cabinet of Loyalists Installed  
-----

¶7. (U) With the backdrop of an enormous photograph of himself, Chavez personally swore in new Vice President Jorge Rodriguez and a 27-member cabinet. Prior to the swearing in, Chavez issued a decree changing the names of the ministries to begin with the phrase "Popular Power of...", similar to

the nomenclature of Cuban ministries. Fourteen of the cabinet members, including Foreign Minister Nicolas Maduro, Defense Minister Raul Isaias Baduel, Energy Minister Rafael Ramirez, and Communications and Information Minister Willian Lara, continue with their current responsibilities. Eleven members of the cabinet are former members of the National Assembly, seven held key positions in Chavez' re-election campaign, and five have military experience.

¶8. (U) Chavez created two new ministries: telecommunications, which former Justice and Interior Minister Jessie Chacon will occupy, and Indigenous Peoples, which National Assembly deputy Nilcia Maldonado will lead. He also dropped from the cabinet the Integration and Foreign Trade Ministry, formerly held by Gustavo Adolfo Marquez Marin. The BRV President also instructed his new cabinet to work Mondays to Wednesdays in the office and to go on inspection tours and meet with people outside their offices Thursdays to Sundays. He tasked VP Rodriguez to lead BRV efforts and to form teams among the cabinet to ensure implementation of Chavez' "socialist" vision.

¶9. (C) Chavez' cabinet picks reflect an additional shift to the left, particularly his selection of presidential brother Adan Chavez to be Education Minister and former army officer Pedro Carreno to be Interior and Justice Minister. In addition to Adan Chavez, Pedro Carreno, and Nilcia Maldonado, the new ministers are:

Finance - Rodrigo Cabezas  
Tourism - Olga Cristina Azuaje  
Higher Education - Luis Acuna  
Health - Erick Rodriguez  
Labor - Jose Ramon Rivero  
Environment - Yubiri Ortega  
Science and Technology - Hector Navarro  
Popular Participation - David Velasquez  
Presidential Secretariat - Hugo Cabezas

Biographic details will follow (septels). Chavez awarded national medals to outgoing Vice President Jose Vicente Rangel and the departing ministers. A choked up Rangel promised to "spread and defend" Chavez' "revolution" from outside the government.

-----  
Comment  
-----

CARACAS 00000052 003.2 OF 003

¶10. (C) After eight years in power, Chavez has gained a well-deserved reputation for being a predictably unpredictable megalomaniac. But Chavez' January 8 rambling diatribe appeared to demonstrate that the re-elected Venezuelan president has shed whatever few moderating tethers to which he previously acceded. He also appears determined to build up his already outsized personality cult even more. Despite winning re-election by a big margin on December 3, 2006 and surrounding himself with obsequious party stalwarts, Chavez nevertheless appears even more defensive, increasingly thin-skinned, and confrontational with respect to the few existing institutions capable and willing to criticize his policies.

¶11. (C) Chavez has stacked his cabinet with loyalists who can be expected to amplify and execute Chavez' plans, rather than shape or temper the Venezuelan president's ideas. With the departure of former VP Rangel, Adan Chavez may be the only person in the current government who has some direct influence on Hugo Chavez, and Adan is widely perceived as pushing his presidential brother further to the left. Moreover, Rangel and his staff represented one of the few open channels of communication to the BRV for the Embassy, the opposition, NGO's, and other diplomatic missions.

¶12. (C) Chavez told his supporters -- and the world -- on January 8 that he intends to make good on his campaign promised to "expand" and "deepen" his Bolivarian -- and now socialist -- "revolution." While Chavez and his new VP made the usual chest-thumping references to standing up to the (U.S.) "empire," neither focused their comments on foreign policy. Chavez will probably say more on that subject on January 10. Nevertheless, by tapping Rodriguez, a loyal and hard-line caretaker VP, Chavez may feel secure that all will be well on the home front, putting him in an even better position to try to position himself internationally as the leader of an anti-American alliance. In the short term, Chavez' bags are already packed. He plans to fly to Managua to attend Nicaraguan President Daniel Ortega's January 10 swearing-in only hours after his own swearing-in. Chavez is also slated to travel to Ecuador to attend President Rafael Correa's inauguration less than one week later.

WHITAKER